

National Endowment for the Arts
Operating Plan for the Coronavirus Aid, Relief, and Economic Security Act (CARES Act)
As of April 2, 2020

CARES Act Language

NATIONAL FOUNDATION ON THE ARTS AND HUMANITIES
NATIONAL ENDOWMENT FOR THE ARTS
GRANTS AND ADMINISTRATION

For an additional amount for “Grants and Administration”, \$75,000,000, to remain available until September 30, 2021, to prevent, prepare for, and respond to coronavirus, domestically or internationally, to be distributed in grants: Provided, That such funds are available under the same terms and conditions as grant funding appropriated to this heading in Public Law 116–94: Provided further, That 40 percent of such funds shall be distributed to State arts agencies and regional arts organizations and 60 percent of such funds shall be for direct grants: Provided further, That notwithstanding any other provision of law, such funds may also be used by the recipients of such grants for purposes of the general operations of such recipients: Provided further, That the matching requirements under subsections (e), (g)(4)(A), and (p)(3) of section 5 of the National Foundation on the Arts and Humanities Act of 1965 (20 U.S.C. 954) may be waived with respect to such grants: Provided further, That such amount is designated by the Congress as being for an emergency requirement pursuant to section 251(b)(2)(A)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985.

Appropriation and Allocation

The National Endowment for the Arts received \$75 million in the CARES Act, to remain available until September 30, 2021.

The funds will be divided as required by the CARES Act in a manner similar to current Arts Endowment practice:

- \$44,550,000 for 60 percent for grants awarded directly by the Arts Endowment, on a competitive basis, to non-profit arts and related organizations.
- \$29,700,000 for 40 percent to State arts agencies and regional arts organizations for sub-granting through competitive and qualitative review.

At this time, the Arts Endowment intends to spend \$750,000 (1%) or less for administrative and program support purposes such as costs associated with citizen expert reviewers, contractual support, and staffing. Any of these funds not used would subsequently be allocated to grants based on the percentage split discussed below.

**CARES Act
Draft Operating Plan
(\$ in thousands)**

Direct Grants	44,550
State & Regional Partnerships	29,700
SUBTOTAL: GRANTS	74,250
Program Support	60
Salaries & Expenses	690
TOTAL	75,000

Grants awarded would be coded to an OMB object class of 41.0 for grants, subsidies, and contributions.

Program Support and Salaries & Expenses funds would be coded to multiple object class codes. For example, OMB object class code 25.1 for advisory and assistance services would be used for payments to citizen expert reviewers; OMB object class code 25.2 for other services from non-federal services would be used for information technology contractor support; and OMB object class codes 11.3 and 12.1 would be used for compensation and benefits for term employees.

Use of Funds

Consistent with the language of the CARES Act, funds will be awarded to support general operations of grantees.

In reviewing grant applications, we will use the review criteria of artistic excellence and merit mandated by Congress in our enabling legislation.

National Coverage

The Arts Endowment program established under the CARES Act provides organizations with four avenues to seek support: directly from the Arts Endowment, or through a State arts agency, a regional arts organization, or a designated governmental local arts agency. Thus, failing to be eligible to receive funds directly from the Arts Endowment does not preclude an organization from receiving funds through a subgrant awarded by a State arts agency, a regional arts organization, or a designated local arts agency.

Number of Applications

Each organization is limited to one application. Exceptions to this one-application rule are made only for parent organizations applying on behalf of separately identifiable and independent components.

Grant Amounts

With the 60 percent available for competitive grants, we will set the grant amount for which organizations may apply at \$50,000. For the designated governmental local arts agencies eligible to subgrant, we will allocate up to \$4,000,000 of the \$44,550,000 with grant amounts to be awarded of either \$250,000 or \$100,000.

With the 40 percent available for State arts agencies and regional arts organizations, the amounts allocated to each will be determined using current processes as our guide, and will be based on equal shares (as stated in the Arts Endowments authorizing legislation) and population. In making these determinations, the Arts Endowment will rely upon criteria used to make the fiscal year 2020 partnership awards to the States and regions – given that this is the most recent year for which a full appropriation exists.

Matching Requirements

Consistent with the CARES Act, all Arts Endowment awards made with funds from the CARES Act will be made on a non-matching basis; this includes those under the 60 percent and 40 percent processes.

Award Process

Solely for the express purposes of the CARES Act funding, the award process will be adjusted as set forth below, and will not carry forward as standard procedures outside these COVID-19 emergency circumstances.

With the 60% available for competitive grants, the Arts Endowment will develop and issue grant guidelines. Grant applications will be reviewed by Arts Endowment staff and citizen experts with review and recommendation for award made by the National Council on the Arts.

With the 40% available for State arts agencies and regional arts organizations, we will amend partnership agreements awarded in FY 2019 to add funding provided under the CARES Act. Award amounts will be determined using current processes as our guide. The Arts Endowment uses a staggered, multi-year approval for State partnership agreements. While each State arts agency is required to submit an application annually, those organizations that are determined to have addressed satisfactorily the requirements and review criteria receive three-year approval of their proposals. They are not required to submit another full-scale application, including all material necessary for review, for another three years. In the other years ("off years"), the application requirements are simplified greatly. Multi-year approval is subject to an agency's continuing ability to carry out its approved plan. Based on this multi-year approval, review and recommendation by the National Council of the Arts will not be required for award of the CARES Act funding.

To implement the CARES Act, the Arts Endowment in all cases will:

- Receive final decisions from the Arts Endowment Chairman
- Develop any special award and reporting requirements consistent with the CARES Act and OMB guidance

- Make awards
- Receive and review interim reports
- Make payments
- Receive and review final reports and closeout the grants.

Timing

This ambitious program requires an equally ambitious timeline in order to ensure that funds are available as soon as possible.

For the 40 percent funds to State arts agencies and regional arts organizations, the tentative plan is to process amendments to FY 2019 partnership agreements with funds fully obligated by the end of April 2020.

For the 60 percent funds, the tentative plan is to post grant guidelines early in April 2020. Grant application processing, including review by citizen experts, will occur from May to mid-June. The National Council on the Arts will convene by the end of June to provide recommendations to the Arts Endowment Chairman. Grant awards will be made and funds obligated starting at the beginning of July. We seek to have all grants (estimated at about 850) awarded and funds fully obligated by the end of September 2020. Grants awarded under these guidelines generally may cover a period of performance of up to two years with an earliest start date of July 1, 2020. As a result, grantees may submit payment requests for reimbursable costs very quickly.